



2001 AUDITS

A Report to the California Legislature on Claims Handling Practices of Workers' Compensation Administrators

**Department of Industrial Relations
Division of Workers' Compensation
Audit Unit**

April 1, 2002

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Division of Workers' Compensation**

**2001 Audits of Workers' Compensation Insurers, Self-Insured Employers,
and Third-Party Administrators**

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2001 Audit Results

This twelfth annual workers' compensation audit report summarizes the accomplishments of the Audit Unit of the Division of Workers' Compensation during calendar year 2001.

Scope

The Audit Unit of the Division of Workers' Compensation completed a total of 49 audits in 2001, a decrease of five audits from the 54 audits conducted in 2000. Of these, 43 were randomly selected and the remaining 6 were non-random, or "targeted" audits. Non-random audits were selected either based upon results from prior audits or following investigations resulting from complaints received by the Division of Workers' Compensation. The total number of audit subjects included 9 insurance companies, 22 self-administered, self-insured employers, and 18 third-party administrators (TPAs).

In addition to these 49 audits, the Audit Unit conducted 11 investigations, in which 71 claim files were reviewed based on complaints received by the Division of Workers' Compensation alleging claims administrators' failure to comply with workers' compensation obligations. The investigations were conducted pursuant to Title 8, California Code of Regulations, Section 10106(d). Claim files were reviewed based on ratios of points assigned to alleged violations in complaints received by the Division of Workers' Compensation, compared to the numbers of claims reported at the adjusting locations. The number of non-random audits to be conducted based on those investigations is yet to be determined.

At all audits except for two (See under "Civil Penalty Investigations" below), claim files were selected for audit on a random basis, with the number of medical-only, indemnity and denied cases being selected based on the numbers of claims in each of those populations for the audit subject. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each claim file related to the complaint was audited. The number of files audited at an adjusting location typically ranges from 100 to approximately 300 files for some audits. The numbers of claims audited are based upon the total number of claims at the adjusting location and the number of complaints received by the Division of Workers' Compensation related to claims handling practices. Pursuant to Title 8, California Code of Regulations, Section 10106(c)(2), either a "short sample" or a "full sample" of indemnity claims is audited, depending on the claims administrator's performance as measured in certain key areas after the short sample is audited.

In 2001, compliance officers audited 8,749 claim files, of which 3,607 were randomly selected claims in which indemnity benefits were paid or were expected to be paid, 2,744 were randomly selected medical-only claims, 1,754 were randomly selected claims in which the employer or insurer denied all liability, 244 were selected based on complaints received by the Division of Workers' Compensation, and 400 were designated as "additional" files. "Additional" files include:

- Claims targeted based on criteria relevant to a non-random audit but for which no specific complaints had been received.
- Companion files to claims selected for audit as part of a random sample or because of a complaint – that is, claims in which it was necessary to audit the companion files to determine if all benefits were provided in the file selected.
- Claims audited in excess of the number of claims in the random sample that were audited because the files selected were incorrectly designated on the log.

Findings

As a result of audits conducted during the calendar year 2001, the Audit Unit issued 11,380 administrative penalty assessments to administrators totaling \$1,793,065. There were 731 claims in which injured workers were owed unpaid compensation totaling \$778,072.68, an average of \$1,064.39 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows: \$287,342.39 in temporary disability indemnity and salary continuation in lieu of temporary disability (36.9% of the unpaid compensation), \$333,552.68 in permanent disability indemnity (42.9% of the unpaid compensation), \$29,025.14 in vocational rehabilitation maintenance allowance (3.7% of the unpaid compensation), \$108,469.06 in 10% self-imposed increases for late indemnity payments (13.9% of the unpaid compensation), \$275.91 in death benefits (0.1% of the unpaid compensation), and \$19,407.50 in interest and penalty and/or unreimbursed medical expenses (2.5% of the unpaid compensation).

The average number of penalty citations per audit subject was 232, the average amount per penalty assessment was \$158, and the average total in penalty assessments per audit was \$36,593. Most assessments were found in the indemnity, complaint, and denied claims, and although very few penalty assessments were found in medical-only claims, the time involved in reviewing them was minimal.

Of those audits demonstrating poor performance in 2001 audits, three resulted in the assessment of more than \$100,000 each in administrative penalties:

1. Willis Administrative Services Corporation in San Diego, CA.

This audit subject was randomly selected for audit.

- 742 penalties were assessed, totaling \$112,110.
- 30 Notices of Compensation Due totaling \$48,099.20 were issued.

- 27.88% of the randomly selected claims with accrued and payable indemnity had some unpaid indemnity/
- 33.33% of the randomly selected claims with temporary disability payments were assessed penalties for late first TD payments.
- 38.24% of the randomly selected claims with permanent disability payments were assessed penalties for late first PD payments.
- 36.36% of the randomly selected claims with scheduled indemnity payments were assessed penalties for late subsequent payments.
- 48.72% of the randomly selected claims in which there were requirements to issue routine benefit notices were assessed penalties for failure to issue notices – 143 penalties totaling \$14,300 were assessed.
- 42.86% of the randomly selected claims with the required to pay or object to bills for medical treatment within 60 days of receipt were assessed penalties for failure to timely object and/or failure to pay interest and penalty – 209 penalties totaling \$18,470 were assessed.
- 80.00% of the randomly selected claims with the requirement to issue 90-day vocational rehabilitation notices were assessed penalties for late notices or failure to issue the notices.
- 76.00% of the randomly selected claims with the requirement to issue Notices of Potential Eligibility for vocational rehabilitation upon knowledge of potential medical eligibility were assessed penalties for late notices or failure to issue the notices.
- 41.03% of the randomly selected claims with the requirement to issue notices advising employees of the right to obtain an evaluation by a Qualified Medical Examiner were assessed penalties for late notices or failure to issue the notices.

Under current regulations, the Audit Unit will return for a non-random audit within three years.

2. Ralph's Grocery Company in Compton, CA.

This audit subject was targeted for audit based on 1998 audit results.

- 671 penalties were assessed, totaling \$105,450 (down from 1,179 penalties totaling \$217,530 in the 1998 audit).
- 43 Notices of Compensation Due totaling \$96,338.85 were issued (down from 76 Notices of Compensation Due totaling \$106,016.79 in 1998).
- 25.76% of the randomly selected claims with accrued and payable indemnity had some unpaid indemnity (down from 49.59% in 1998).
- 18.85% of the randomly selected claims with the required to pay or object to bills for medical treatment within 60 days of receipt were assessed penalties for failure to timely object and/or failure to pay interest and penalty 131 penalties totaling \$8,750 (down from 47.83% of the randomly selected claims and a total of 272 penalties for \$19,010 in 1998).
- 31.37% of the randomly selected claims with the requirement to issue 90-day vocational rehabilitation notices were assessed penalties for late notices or failure to issue the notices (down from 40.00% in 1998).

- 52.00% of the randomly selected claims with the requirement to issue Notices of Potential Eligibility for vocational rehabilitation upon knowledge of potential medical eligibility were assessed penalties for late notices or failure to issue the notices (down from 58.06% in 1998).
- No penalties were assessed for unsupported denials of liability (down from 8.16% of the denied claims and a total of 8 penalties for \$22,750 in 1998).

Under current regulations, the Audit Unit will return for a non-random audit within three years.

3. San Diego Transit Corporation in San Diego, CA.

This audit subject was randomly selected for audit.

- 709 penalties were assessed, totaling \$104,935.
- 42 Notices of Compensation Due totaling \$78,801.86 were issued.
- 68.97% of the randomly selected claims with accrued and payable indemnity had some unpaid indemnity.
- 33.33% of the randomly selected claims with temporary disability payments were assessed penalties for late first TD payments.
- 55.00% of the randomly selected claims with permanent disability payments were assessed penalties for late first PD payments.
- 76.47% of the randomly selected claims with scheduled indemnity payments were assessed penalties for late subsequent payments.
- 67.61% of the randomly selected claims in which there were requirements to issue routine benefit notices were assessed penalties for failure to issue notices– 191 penalties totaling \$19,100 were assessed.
- 32.35% of the randomly selected claims in which routine benefit notices were issued were assessed penalties for late notices.
- 48.33% of the randomly selected claims with the required to pay or object to bills for medical treatment within 60 days of receipt were assessed penalties for failure to timely object and/or failure to pay interest and penalty– 103 penalties totaling \$9,250 were assessed.
- 75.00% of the randomly selected claims with the requirement to issue 90-day vocational rehabilitation notices were assessed penalties for late notices or failure to issue the notices.
- 63.64% of the randomly selected claims with the requirement to issue Notices of Potential Eligibility for vocational rehabilitation upon knowledge of potential medical eligibility were assessed penalties for late notices or failure to issue the notices.
- 36.17% of the randomly selected claims with the requirement to issue notices advising employees of the right to obtain an evaluation by a Qualified Medical Examiner were assessed penalties for late notices or failure to issue the notices.

Under current regulations, the Audit Unit will return for a non-random audit within three years.

Performance Standards Affecting Audit Sample Size and Future Audit Selection

In November 1998, regulations were adopted to establish sampling methodology consisting of a two-tiered approach for the random selection of indemnity files. Regulations now contain performance standards in key areas that establish a process whereby fewer files are reviewed at adjusting locations that are performing well in these areas, and greater numbers of files are reviewed at locations that are not performing well in these areas. The regulation changes also include final audit result criteria whereby the audit subject will be removed from the random audit selection pool for three years if the performance standards are met, or the audit subject will be scheduled for a return, non-random audit within one to three years if certain of the standards are not met. The following standards were established:

- **Abbreviated Sample versus Full Sample of Indemnity Files and Removal from Random Selection Pool**

If, after the completion of an abbreviated sample of indemnity claims, performance in those claims fails to meet standards in three key areas, the full sample of indemnity files besides the sample of denied and medical-only files will be audited. However, if performance exceeds the standards in all of these key areas, the audit will be cut short after review of the abbreviated sample of indemnity files and the sample of denied and medical-only files. Following completion of the audit (including the samples of denied and medical-only files), if performance exceeds the standards in *all* of these key areas, the audit subject will be removed from the random selection pool for three years. The criteria in the key areas are as follows:

1. The number of randomly selected audited files with violations involving the failure to pay indemnity exceeds 20% of the audited files in which indemnity is accrued and payable and the average amount of unpaid indemnity exceeds \$200.00 per file in which indemnity is accrued and payable.¹
2. The number of randomly selected files with violations involving the late payments of indemnity exceeds 30% of the audited files in which those indemnity payments have been made.

¹ Note that if exactly 20% of claims with indemnity accrued and payable have some amount unpaid, it would take an average of \$1,000 in unpaid compensation per file with unpaid compensation to reach an average of \$200 in unpaid compensation per file in which indemnity is accrued and payable. As the percentage of files with unpaid compensation increases, the average amount per file with unpaid compensation needed to reach the \$200 average decreases.

For instance, if there are 100 files in an audit in which indemnity is accrued and payable, and 20 files each have \$1,000 in unpaid compensation, the \$20,000 in unpaid compensation averages \$200 (of the 100 files) per file in which indemnity is accrued and payable. If there are 25 files (25% of the 100) totaling \$20,000 in unpaid compensation, an average of \$800 in unpaid compensation (instead of \$1,000) will produce an average of \$200 in unpaid compensation per file in which indemnity is accrued and payable.

3. The number of audited files with violations involving the failure to issue routine benefit notices exceeds 30% of the files in which there is a requirement to issue those notices.

- **Performance Standards Requiring a Return, Non-Random Audit**

If, following the completion of the audit, the audit subject fails to meet the unpaid indemnity standards (No. 1 above) or fails to meet *both* the late-paid indemnity and failure to issue benefit notice standards (Nos. 2 and 3 above), the Audit Unit will return for a non-random audit within one to three years based on poor audit results. High frequency of either late paid indemnity or failure to issue benefit notices *alone* does not merit a return, non-random audit.

In addition, the Audit Unit shall return for a repeat non-random audit of denied files within one to three years of the results of an audit becoming final if there is more than one unsupported denial *and* the number of unsupported denials exceeds 5% of the audited denied claims.

- **2001 Performance Results**

In 2001, 47 of the 49 audits entailed line by line reviews of randomly selected claims. (Pursuant to tables in Title 8, California Code of Regulations, Section 10107, the numbers of claims randomly selected are determined based upon the claims population of the audit subject.) Performance in key claims-handling areas following the review of the abbreviated samples of indemnity claims met or exceeded performance standards in 20 of these 47 audits (42.6%). These audit subjects therefore merited audits of abbreviated samples rather than full samples of indemnity claims.

Performance in the key claims-handling areas following the audit of the samples of indemnity, medical-only and denied claims merited removal from the random selection pool of adjusting locations for the next three years in 21 of the 47 audits (44.7%). Those audits are identified in **Exhibit 1D**.

In addition, nine of the 47 audits (19.1%), while not performing well enough to enable the Audit Unit to review only an abbreviated sample of indemnity files or to be removed from the random selection pool following the audit, did perform well enough to avoid a return, non-random audit based on final audit results. Those audits are identified in **Exhibit 1E**.

On the basis of final audit results, the performance of 17 of the 47 audits (36.2%) warranted return, non-random audits within one to three years. Those audits are identified in **Exhibit 1F**.

Title 8, California Code of Regulations, Section 10111.1(e)(5), adopted in 1994, states, "No administrative penalties shall be assessed if the only violations found in an audit are violations which do not involve the denial of a claim without supporting documentation, or failure to pay or

late payment of compensation, and the violations are found in 20% or less of the indemnity files audited." No audits met these standards in 2001.

Civil Penalty under Labor Code Section 129.5(d)

California Labor Code Section 129.5(d) states, in part:

"In addition to the penalty assessments permitted by subdivision (a), the administrative director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer, insurer, or third-party administrator for an employer has knowingly committed and has performed with a frequency as to indicate a general business practice any of the following:

- (1) Induced employees to accept less than compensation due, or made it necessary for employees to resort to proceedings against the employer to secure compensation due.
- (2) Refused to comply with known and legally indisputable compensation obligations.
- (3) Discharged or administered compensation obligations in a dishonest manner.
- (4) Discharged or administered compensation obligations in a manner as to cause injury the public or those dealing with the employer or insurer...."

Two of the 49 audits conducted in 2001 consisted of targeted samples of claims rather than randomly selected claims. These audits were conducted as part of civil penalty investigations based on information received which indicated the existence of claims practices for which the assessment of civil penalties under Labor Code Section 129.5(d) could be warranted.

These two civil penalty investigations and non-random audits were of:

1. Gallagher Bassett Services, Inc. and Hilton Hotels Corporation in Sacramento, CA.

This civil penalty investigation and audit was conducted based on information received from the Office of Self-Insurance Plans that all forms of remuneration were not considered in calculating average weekly wages to determine disability rates for injured employees of Hilton Hotels Corporation. The investigation and audit consisted of a limited review of a targeted sample of claims in which temporary disability benefits had been paid.

There was no indication of a general business practice for which a civil penalty may be assessed under Labor Code Section 129.5(d), and the Audit Unit did not recommend that a civil penalty be assessed. Penalties were assessed only for individual violations involving the failure pay indemnity.

2. Gates, McDonald & Company in Concord, CA.

This civil penalty investigation and audit was conducted based on information received from the Office of Self-Insurance Plans indicating possible business practices involving late paid indemnity, failure to pay self-imposed increases pursuant to Labor Code Section 4650(d), and failure to issue required benefit notices pursuant to Title 8, California Code of Regulations, Sections 9812 and 9813. The investigation and audit consisted of a limited review of a targeted sample of claims of specific clients of Gates, McDonald.

Penalties were assessed only for individual violations involving the failure pay indemnity, late paid indemnity, and the failure to issue notices. A recommendation to the Administrative Director for the assessment of a civil penalty has not yet been made.

Unpaid Compensation Due To Employees

Of the 4,251 indemnity, complaint, and additional files audited (that is, all the audited files except for the audited denials and medical-only claims), the Audit Unit found 731 files (17.2% - up from 14.3% in 2000) in which the employee was due compensation, interest and/or penalties totaling \$778,072.68. The average amount of unpaid compensation per file in which there was unpaid compensation was \$1,064.39 – up from \$813.72 in 2000. The administrator is required to pay these employees within 15 days after receipt of a notice advising the administrator of the amount due, unless a written request for a conference is filed within 7 days of receipt of the audit report.

When employees due unpaid compensation cannot be located, the unpaid compensation is payable by the administrator to the *Workplace Health and Safety Revolving Fund*. In these instances, application by an employee can be made to the Division of Workers' Compensation for payment of moneys deposited by administrators into this fund. In 2001, \$1,232.87 was paid into this fund because the injured workers could not be located.

Informal Post-Audit Conferences

Informal post-audit conferences are offered to all administrators after audits are completed. Conferences help to clarify issues, resolve misunderstandings and assist in reducing the frequency and volume of conference appeals. The post-audit conference is the last opportunity for the administrator to respond to audit findings on an informal basis before issuance of the written audit report, *Notices of Penalty Assessments* and *Notices of Compensation Due*.

The conference may include:

- A discussion of the factual and legal bases for the proposed penalty assessments and/or notices of unpaid compensation. The claims administrator is given the opportunity to

dispute proposed penalties informally and provide reasons for additional mitigation for the penalties proposed.

- A discussion of general findings of areas where there are deficiencies. The Audit report includes frequency tables so that frequency of violations can be addressed. These tables (**Individual Exhibit 5** for each audit) in effect act as report cards, showing in key areas of consideration the number of files in which exposure for certain penalty assessments exists, the number of files in which penalties are proposed, and the resultant percentage of those files in which penalties are proposed.
- A discussion of claims where the claims administrator will be requested to take action and/or provide further information or documentation so that penalties may be properly assessed. Issuance of the final report following the post-audit conference may be postponed until the audit subject has had the chance to obtain additional documentation to clarify any disputed issues.
- A discussion of additional documentation to be obtained to comply with statutory and/or regulatory requirements. Necessary items for documentation of compliance are listed in addenda to the audit reports. These suspense items include requests for such documentation as earnings for the dates of the injury, wage statements needed to determine appropriate disability rates, and proof of provision of claim forms.

Final Audit Report

Following the post-audit conference, the Audit Unit issues the final report of audit findings along with the Notice of Penalty Assessments and Notices of Compensation Due. If any penalties are still in dispute, the audit subject then has 7 days from receipt of the final audit report to request an appeal, either by appeal conference or written decision only from the Administrative Director, and an additional 21 days from the date of request for appeal to submit arguments and supporting documentation. Any unappealed penalties must be paid within 15 days of receipt of the Notice of Penalty Assessments.

Appeals

In 2001, two audits were appealed and remain unresolved. However, the one unresolved appeal from an earlier year, an appeal of a 1999 audit, was resolved. The status of each of these appeals is as follows:

- Gates, McDonald & Company – Concord, Audit No. SAC-02-01-CI/NR-5. Of the 285 penalties totaling \$64,460 assessed, the audit subject appealed 11 penalties for \$5,950 (nine penalties for failure to issue benefit notices, one penalty for a late benefit notice, and one penalty for intentional back-dating of a benefit notice). The appeal is pending.

- Alameda County Schools Insurance Group – Dublin, Audit No. OAK-08-01-R-6. Of the 146 penalties totaling \$21,840 assessed, the audit subject appealed 13 penalties totaling \$9,090 (one for failure to issue a vocational rehabilitation denial notice, three for failure to timely issue advice notices regarding permanent disability, three for failure to issue routine benefit notices, one for a late routine benefit notice, four for failure to pay indemnity, and one for an unsupported denial of liability). The appeal is pending.
- CNA Commercial Insurance - Glendale, Audit No. VNO-10-99-R-1: The audit subject of this 1999 audit appealed all 824 penalties totaling \$115,445. The Audit Unit considered additional information submitted by the audit subject following its appeal and reduced the penalties to \$102,305 for 739 violations. The Administrative Director affirmed the remaining appealed penalties and CNA Commercial Insurance paid the \$102,305.

Types of Penalties Cited

The following are the eight most common types of violations and the number of times they have been cited in 2001 audits:

1. Failure to Timely Provide Proper and Accurate Benefit Notice

In 2001, the Audit Unit assessed 5,081 penalty citations totaling \$545,595 (44.6% of the total of 11,380 penalties assessed and 30.4% of the total dollar amount of \$1,793,065) which involved the provision of benefit notices, excluding the vocational rehabilitation notices listed in No. 5 below. The dollar amount of these assessments ranged from \$25 to \$100 each, except for notices of the procedure to evaluate permanent disability and denial notices for injuries occurring on or after 1/1/94, for which the penalties are assessed at up to \$500. These violations are broken down as follows:

- **Failure to Issue Benefit Notices**

2,176 penalty citations totaling \$212,085 (19.1% of the total penalties and 11.8% of the total dollar amount) were issued for the failure to issue benefit notices. The penalty assessments ranged from \$50 to \$100 before mitigation for good faith, frequency, and history.

- **Late Provision of Benefit Notices**

1,494 penalty citations totaling \$93,585 (13.1% of the total penalties and 5.2% of the total dollar amount) were issued for late provision of benefit notices. The penalty assessments ranged from \$50 to \$100 before mitigation for good faith, frequency, and history.

- **Materially Inaccurate or Incomplete Benefit Notices**

874 penalty citations totaling \$28,145 (7.7% of the total penalties and 1.6% of the total dollar amount) were issued for materially inaccurate or incomplete benefit notices. The penalties were assessed at \$25 before mitigation for good faith, frequency, and history.

- **Failure to Timely Issue Notices for the Procedure to Evaluate Permanent Disability**

508 penalty citations totaling \$204,080 (4.5% of the total penalties and 11.4% of the total dollar amount) were issued for late issuance and the failure to issue notices advising of the procedure to evaluate permanent disability. The penalties ranged from \$100 to \$500 before mitigation for good faith, frequency, and history.

- **Violations Involving Denial Notices**

29 penalty citations totaling \$7,700 (0.3% of the total penalties and 0.4% of the total dollar amount) were issued for late issuance, the failure to issue, and the issuance of materially misleading or inaccurate denial notices. The penalties ranged from \$100 to \$500 before mitigation for good faith, frequency, and history.

2. Late Indemnity Payments

2,233 penalty citations totaling \$302,140 (19.6% of the total penalties and 16.9% of the total dollar amount) were assessed for late indemnity payments. The penalties were assessed at up to \$100 before mitigation for good faith, frequency, and history unless the payments were more than 30 days late, in which case the penalties were assessed at up to \$1,000 depending on the amount of late paid indemnity. These violations are broken down as follows:

- **Late Subsequent Indemnity Payments**

1,221 penalty citations totaling \$142,065 (10.7% of the total penalties and 7.9% of the total dollar amount) were assessed for late subsequent indemnity payments, including any late death benefit payments, the failure to pay all indemnity due with a payment when paid with a later payment, late payments of self-imposed increases for any late indemnity payments, and late payments of WCAB Awards or Orders. The penalties ranged from \$25 to \$100 before mitigation for good faith, frequency, and history, depending on the degree of lateness, unless the payments were more than 30 days late, in which case the penalties were assessed at up to \$1,000 depending on the amount of late paid indemnity.

- **Late First Payments of Temporary Disability Indemnity**

715 penalty citations totaling \$87,620 (6.3% of the total penalties and 4.9% of the total dollar amount) were assessed for late first payments of temporary disability indemnity. The penalties ranged from \$25 to \$100 before mitigation for good faith, frequency, and history, depending on the degree of lateness, unless the payments were more than 30 days late, in which case the penalties were assessed at up to \$1,000 depending on the amount of late paid indemnity.

- **Late First Payments of Permanent Disability Indemnity**

272 penalty citations totaling \$68,780 (2.4% of the total penalties and 3.8% of the total dollar amount) were assessed for late first payments of permanent disability indemnity. The penalties ranged from \$25 to \$100 before mitigation for good faith, frequency, and history depending on the degree of lateness, unless the payments were more than 30 days late, in which case the penalties were assessed at up to \$1,000 depending on the amount of late paid indemnity.

- **Late First Payments of Vocational Rehabilitation Maintenance Allowance**

25 penalty citations totaling \$3,675 (0.2% of the total penalties and 0.2% of the total dollar amount) were assessed for late first payments of vocational rehabilitation maintenance allowance. The penalties range from \$25 to \$100 before mitigation for good faith, frequency, and history depending on the degree of lateness, unless the payments were more than 30 days late, in which case penalties are assessed at up to \$1,000 depending on the amount of late paid indemnity.

- **Late Death Benefit Payments**

No penalty citations were assessed for late death benefit payments. Penalties in this category can range from \$25 to \$100 before mitigation for good faith, frequency, and history, depending on the degree of lateness, unless the payments were more than 30 days late, in which case penalties are assessed at up to \$1,000 depending on the amount of late paid benefits.

3. Failure to Pay Accrued and Payable Indemnity in Undisputed Claims

1,205 penalty citations totaling \$283,075 (10.6% of the total penalties and 15.8% of the total dollar amount) were assessed for violations involving the failure to pay accrued and payable indemnity in undisputed claims. The penalty assessments ranged from \$25 to \$1,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount, unless the failure to pay involved the complete failure to pay a WCAB Award or Order, in which case penalties are assessed at \$5,000. These violations are broken down as follows:

- **Failure to Pay Self-Imposed Increases for Late Paid Indemnity**

608 penalty citations totaling \$50,710 (5.3% of the total penalties and 2.8% of the total dollar amount) were issued for the failure to pay self-imposed increases payable because of the late payment of temporary or permanent disability indemnity. The penalty assessments ranged from \$25 to \$100 before mitigation for good faith, frequency, and history, depending on the amount of the late paid indemnity for which the self-imposed increases were due.

- **Failure to Pay Temporary Disability Indemnity or Salary Continuation in Lieu of Temporary Disability Indemnity**

398 penalty citations totaling \$120,995 (3.5% of the total penalties and 6.7% of the total dollar amount) were issued for the failure to pay temporary disability indemnity or salary continuation in lieu of temporary disability indemnity, which was not awarded or ordered, paid by the WCAB. The penalty assessments ranged from \$100 to \$1,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount.

- **Failure to Pay Permanent Disability Indemnity**

131 penalty citations totaling \$71,320 (1.2% of the total penalties and 4.0% of the total dollar amount) were issued for the failure to pay permanent disability indemnity that was not awarded or ordered paid by the WCAB. The penalty assessments ranged from \$200 to \$1,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount.

- **Failure to Pay All or Part of a WCAB Award or Order or Rehabilitation Unit Order**

32 penalty citations totaling \$23,190 (0.3% of the total penalties and 1.3% of the total dollar amount) were issued for the failure to pay all or part of any indemnity awarded by the WCAB or Rehabilitation Unit. The penalty assessments ranged from \$100 to \$5,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount.

- **Failure to Pay Vocational Rehabilitation Maintenance Allowance**

22 penalty citations totaling \$10,820 (0.2% of the total penalties and 0.6% of the total dollar amount) were issued for the failure to pay vocational rehabilitation maintenance allowance which was not awarded or ordered paid by the WCAB or Rehabilitation Unit. The penalty assessments ranged from \$100 to \$1,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount.

- **Failure to Pay Interest or Penalty on an Award or Failure to Pay Death Benefits**

14 penalty citations totaling \$6,040 (0.1% of the total penalties and 0.3% of the total dollar amount) were issued for the failure to pay any Interest or Penalty on an Award. The penalty assessments ranged from \$100 to \$1,000 before mitigation for good faith, frequency, and history, depending on the unpaid amount.

4. Failure to Pay or Object to Medical or Medical-Legal Bills within 60 Days of Receipt

1,181 penalty citations totaling \$86,655 (10.4% of the total penalties and 4.8% of the total dollar amount) were issued involving the failure to pay or object to medical or medical-legal bills within 60 days from the receipt of the bill and failure to pay interest and self-imposed increases for late paid bills. Penalty assessments ranged from \$25 to \$100 each before mitigation for good faith, frequency, and history. The penalties are broken down as follows:

- **Failure to Pay or Object to Medical Expenses within 60 Days of Receipt**

1,038 penalty citations totaling \$75,725 (9.1% of the total penalties and 4.2% of the total dollar amount) were issued for the failure to pay or object to medical expenses within 60 days from the receipt of the bill and/or failure to pay interest and self-imposed increases for late paid bills. Penalty assessments ranged from \$25 to \$100 each depending on the amounts of the bills, before mitigation for good faith, frequency, and history, and from \$25 to \$50 for the failure to pay interest or penalties on late paid medical bills.

- **Failure to Pay or Object to Medical-Legal Bills within 60 Days of Receipt**

143 penalty citations totaling \$10,930 (1.3% of the total penalties and 0.6% of the total dollar amount) were issued for the failure to pay or object to medical-legal bills within 60 days from the receipt of the bill. Penalty assessments ranged from \$50 to \$100 each before mitigation for good faith, frequency, and history, depending on whether the bill remained unpaid at the time of the audit and whether or not interest and penalty were paid.

5. Failure to Timely Comply with Vocational Rehabilitation Notice Requirements

845 penalty citations totaling \$345,370 (7.4% of the total penalties and 19.3% of the total dollar amount) were issued for the failure to timely comply with specified vocational rehabilitation notice requirements. Penalty assessments ranged from \$100 to \$500 each before mitigation for good faith, frequency, and history. The penalties are broken down as follows:

- **Failure to Timely Comply with Vocational Rehabilitation Requirements following 90 Days of Aggregate Temporary Disability**

464 penalty citations totaling \$196,200 (4.1% of the total penalties and 10.9% of the total dollar amount) were issued for the failure to timely assign a Qualified Rehabilitation Representative within 10 Days after 90 days of aggregate total disability for injuries occurring before 1/1/94, and for failure to issue a notice regarding vocational rehabilitation rights within 10 days after 90 days of aggregate total disability for injuries occurring on or after 1/1/94. Penalty assessments ranged from \$100 to \$500 each before mitigation for good faith, frequency, and history.

- **Failure to Timely Issue a Notice of Potential Eligibility for Vocational Rehabilitation**

335 penalty citations totaling \$130,570 (2.9% of the total penalties and 7.3% of the total dollar amount) were issued for the failure to timely issue a *Notice of Potential Eligibility* for Vocational Rehabilitation within 10 days of knowledge of a physician's opinion of an employee's medical eligibility. Penalty assessments ranged from \$100 to \$500 each before mitigation for good faith, frequency, and history.

- **Failure to Timely Issue a Notice Denying Vocational Rehabilitation as Required**

46 penalty citations totaling \$18,600 (0.4% of the total penalties and 1.0% of the total dollar amount) were issued for the failure to timely issue a denial notice for vocational rehabilitation services along with notice of the procedures for disputing the denial when required, or for termination of vocational rehabilitation services other than as described by Labor Code §4644.

6. Late Payment of WCAB Awards or Orders or Orders of the Rehabilitation Unit

70 penalty citations totaling \$79,140 (0.6% of the total penalties and 4.4% of the total dollar amount) were issued for late payments of WCAB Orders or Awards or Orders of the Rehabilitation Unit. The penalty assessments ranged up to \$5,000 before mitigation for good faith, frequency, and history, depending on how late the payment.

7. Unsupported Denial of Liability for Claims and Failure to Investigate

53 penalty citations totaling \$76,000 (0.6% of the total penalties and 4.2% of the total dollar amount) were issued for unsupported denials of liability for claims and the failure to investigate to determine whether benefits were payable. Penalty assessments ranged up to

\$1,000 before mitigation for good faith, frequency, and history for the failure to investigate, and up to \$5,000 before mitigation for good faith, frequency, and history for unsupported denials. The penalties are broken down as follows:

- **Failure to Investigate**

34 penalty citations totaling \$16,500 (0.3% of the total penalties and 0.9% of the total dollar amount) were issued for the failure to investigate to determine whether benefits were payable in a claim. If the failure to investigate led to the denial of all liability for the claim, the penalty was assessed for the unsupported denial rather than the failure to investigate. Penalty assessments ranged up to \$1,000 before mitigation for good faith, frequency, and history.

- **Unsupported Denial of Liability for Claims**

19 penalty citations totaling \$59,500 (0.2% of the total penalties and 3.3% of the total dollar amount) were issued for unsupported denials of liability for claims. Penalty assessments ranged up to \$5,000 before mitigation for good faith, frequency, and history.

8. Other Violations

712 penalty citations totaling \$75,090 (6.3% of the total penalties and 4.2% of the total dollar amount) were issued for other violations, including the failure to document an employee's average weekly earnings when temporary disability is paid at less than the maximum rate, the failure to document that a claim form was provided to an injured worker, the failure to maintain various forms of documentation in a claim file such as copies of medical reports or WCAB orders or awards, the failure to pay or object to a vocational rehabilitation expense within 60 days of receipt of the bill, the filing of an inaccurate Annual Report of Inventory, and claim log violations. Penalty assessments generally range up to \$100 before mitigation for good faith, frequency, and history. Claim log violations and violations involving the filing of an inaccurate Annual Report of Inventory (assessed as part of an audit) range up to \$500.

Penalties for the Failure to File the Annual Report of Inventory

In addition to the 11,380 administrative penalty assessments totaling \$1,793,065 that were assessed as a result of audits, an additional 40 penalties totaling \$19,360 were assessed not as the result of individual audits, but for the failure of claims administrators to timely file an Annual Report of Inventory of Claims with the Audit Unit, as required by Title 8, California Code of Regulations, Section 10104. These penalties are not otherwise included as part of the audit data within this report, but were assessed as follows:

2001 Audits of Workers' Compensation Insurers, Self-Insured Employers, and Third-Party Administrators
April 1, 2002

Claims Administrator/ Location		Amount Assessed	Amount Collected	Unpaid Balance
Acclamation Insurance Management Services	Fresno, CA	\$500	\$500	\$0
Acclamation Insurance Management Services	Oakland, CA	\$500	\$500	\$0
Acclamation Insurance Management Services	Orange, CA	\$500	\$500	\$0
Alameda County Schools Insurance Group	Dublin, CA	\$500	\$0	\$500
American Financial Group	Cincinnati, OH	\$500	\$500	\$0
Cambridge Integrated Services	San Diego, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management - 1995	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -1996	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -1997	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -1998	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -1999	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -2000	Huntington Beach, CA	\$500	\$500	\$0
City of Huntington Beach Risk Management -2001	Huntington Beach, CA	\$500	\$500	\$0
Colonial Penn Group	Fountain Valley, CA	\$500	\$0	\$500
Colonial Penn Group.	Phoenix, AZ	\$500	\$500	\$0
ComCo Management, Inc.	Sierra Madre, CA	\$400	\$400	\$0
Cottage Health Systems – 12001	Santa Barbara, CA	\$500	\$0	\$500
Cottage Health Systems – 1998	Santa Barbara, CA	\$500	\$0	\$500
Cottage Health Systems - 1999	Santa Barbara, CA	\$500	\$0	\$500
Cottage Health Systems - 2000	Santa Barbara, CA	\$500	\$0	\$500
Fireman’s Fund Insurance Company	Ontario, CA	\$500	\$0	\$500
Fireman’s Fund Insurance Company	Sacramento, CA	\$180	\$0	\$180

2001 Audits of Workers' Compensation Insurers, Self-Insured Employers, and Third-Party Administrators
April 1, 2002

Fireman's Fund Risk Management	Novato, CA	\$500	\$0	\$500
Fireman's Fund Risk Management	Burbank, CA	\$500	\$0	\$500
Fleetwood Enterprises, Inc.	Riverside, CA	\$500	\$500	\$0
Frank Gates Service Co.	Newport Beach, CA	\$500	\$500	\$0
GAB Robins North America	Sacramento, CA	\$500	\$500	\$0
Integrated Claims Administrators	Torrance, CA	\$500	\$0	\$500
Marriott International, Inc.	Santa Ana, CA	\$500	\$500	\$0
Matrix Absence Management	San Jose, CA	\$500	\$500	\$0
Monterey County Schools Workers' Compensation Joint Powers Authority	Salinas, CA	\$500	\$500	\$0
National Insurance Co.	Chandler, OK	\$500	\$0	\$500
Pacific Specialty Insurance Co.	Menlo Park, CA	\$500	\$0	\$500
PHICO Group	San Diego, CA	\$500	\$0	\$500
Prudential Insurance Co.	Roseville, CA	\$500	\$500	\$0
Royal & Sun Alliance	New York City, NY	\$500	\$0	\$500
Samis, Inc.	Marysville, CA	\$500	\$0	\$500
Sedgwick Claims Management	Walnut Creek, CA	\$500	\$500	\$0
Van's Company	Arcadia, CA	\$280	\$0	\$280
Zurich Services Corporation	Cockeysville, MD	\$500	\$0	\$500
TOTALS		\$19,360.00	\$10,900.00	\$8,460.00

EXHIBITS

Exhibit 1A is a summary of the number of files audited by type, the numbers and amounts of penalties, amounts collected, balance due, and the number of appeals for Northern California and Southern California. **Exhibit 1B** lists the same data for each audit subject audited in or by Northern California staff. **Exhibit 1C** lists the same data for each audit subject audited in or by Southern California staff. **Exhibit 1D** lists the audit subjects whose performance merits removal from the random selection pool for the next three years. **Exhibit 1E** lists those audit subjects that did not perform well enough for removal from the random selection pool, but which did not warrant return, non-random audits based on 2000 audit results. **Exhibit 5F** lists those audit subjects whose poor performance warrant return non-random audits within the next one to three years.

Exhibit 2A and 2B are summaries of the audit results for each audit by type of claims administrator and by method of selection for audit. There are separate listings for randomly selected and non-randomly selected audit subjects, and breakdowns showing the same data for insurers, self-insured employers, and third-party administrators as separate groupings.

Exhibit 3 separates the Schedule of Administrative Penalties in Title 8, California Code of Regulations, Sections 10111 and 10111.1 into various categories. There is a **Key to Exhibit 3** describing the nature of each category and listing the ranges of penalty assessment amounts, and an **Exhibit 3** showing statewide totals and amounts of penalties assessed in 2000 by category.

Exhibit 4 summarizes by type of indemnity the amounts of unpaid compensation found in the 495 audited claims for which Notices of Compensation Due were issued.

Perhaps the clearest way to measure the overall performance of California workers' compensation claims administrators is by the percentages of audited claim files with violations when compared to the claim files with the exposure for violations in key areas. **Exhibits 5A** through **5L** show, in each of 21 key areas of consideration, the number of files in which the exposure for assessment exists, the number of files in which penalties were assessed, and the percentage of those files with exposure in which penalties were assessed. These 21 categories are as measured by the frequency mitigation standards in Title 8, California Code of Regulations, Sections 10111.1(d)(1) and (e)(3). The exhibits list the numbers and percentages for randomly selected files only, excluding penalties and exposure for penalties from any files audited as a result of complaints received by the Audit Unit or any files selected by any other method than randomly. They are broken down as follows:

• Exhibit 5A	Statewide Frequency Summary for all audit subjects.
• Exhibit 5B	Statewide Frequency Summary for all randomly selected audit subjects.
• Exhibit 5C	Statewide Frequency Summary for all non-randomly selected audit subjects.
• Exhibit 5D	Statewide Frequency Summary for all insurers, regardless of method of selection.
• Exhibit 5E	Statewide Frequency Summary for all randomly selected insurers.
• Exhibit 5F	Statewide Frequency Summary for all non-randomly selected insurers.
• Exhibit 5G	Statewide Frequency Summary for all self-insured employers,

	regardless of method of selection.
• Exhibit 5H	Statewide Frequency Summary for all randomly selected self-insured employers.
• Exhibit 5I	Statewide Frequency Summary for all non-randomly selected self-insured employers.
• Exhibit 5J	Statewide Frequency Summary for all third-party administrators, regardless of method of selection.
• Exhibit 5K	Statewide Frequency Summary for all randomly selected third-party administrators.
• Exhibit 5L	Statewide Frequency Summary for all non-randomly selected third-party administrators.

Following the statewide **Exhibits 1A** through **5L** in the report are **Individual Exhibits 3, 4, and 5** for each audit subject.

Trends in Claims Performance

In 2001, the Audit Unit conducted 49 audits and audited 8,749 claims, a slight decrease from the 54 audits with 8,921 claims audited in 2000. Even so, there was a notable increase in administrative penalties assessed for specific violations in 2001:

- In 2000, the Audit Unit assessed 10,354 penalties totaling \$1,524,470 for specific violations.
- In 2001, the Audit Unit assessed 11,380 penalties totaling \$1,793,065.

Analysis of audit results of the two years seems to indicate that claims performance in certain key areas declined in 2001, at least as insofar as overall performance can be measured by audits conducted:

- Even though less claims were audited in 2001 than in 2000, the numbers of penalties assessed for failure to pay accrued and payable indemnity in undisputed claims increased from 908 to 1,205 in (a 33% increase).
- The numbers of penalties assessed for late payments of indemnity increased from 1,944 in 2000 to 2,233 in 2001 (a 15% increase).
- The numbers of penalties assessed for failure to issue routine benefit notices increased from 1,458 in 2000 to 2,176 in 2001 (a 49% increase).

The frequency rates of claims with penalties in these areas, in randomly selected claims, determine whether or not an audit subject “fails” an audit under current regulations. If an audit subject fails an audit, the Audit Unit returns for a repeat non-random audit within three years. In 2000, 26% of the audit subjects merited return, target audits based on poor audit performance in randomly selected claims. In 2001, 36% of the audit subjects merited return, target audits.

Following are some audit data from the past five years:

Numbers of Audits Conducted

- 1997: 39 Audits
- 1998: 34 Audits
- 1999: 30 Audits
- 2000: 54 Audits
- 2001: 49 Audits

Numbers of Claims Audited

- 1997: 8,504 Claims
- 1998: 6,493 Claims
- 1999: 5,743 Claims
- 2000: 8,921 Claims
- 2001: 8,749 Claims

Numbers of Penalties Assessed

- 1997: 9,324 Penalties
- 1998: 7,774 Penalties
- 1999: 10,232 Penalties
- 2000: 10,354 Penalties
- 2001: 11,380 Penalties

Dollar Amounts of Penalties Assessed

- 1997: \$1,269,370
- 1998: \$1,069,285
- 1999: \$1,532,540
- 2000: \$1,524,470
- 2001: \$1,793,065

Unpaid Indemnity

- 1997: \$455,401.53 in 508 Claims
- 1998: \$356,787.00 in 423 Claims
- 1999: \$499,291.43 in 495 Claims
- 2000: \$454,868.94 in 559 Claims
- 2001: \$778,072.68 in 731 Claims

Average Unpaid Indemnity in Claim with Unpaid Indemnity

- 1997: \$896.46
- 1998: \$843.47
- 1999: \$1,008.67
- 2000: \$813.72
- 2001: \$1,064.39

Frequency of Violations

A comparison of the statewide frequency for all audit subjects (Exhibit 5A) with the statewide frequency in the four prior years' annual reports shows:

Unpaid Indemnity

Of the randomly selected audited claims in which indemnity was accrued and payable, the percentage with assessments for unpaid indemnity was:

- 1997: 19.39% (473 of 2,439 claims)
- 1998: 19.49% (384 of 1,970 claims)
- 1999: 23.50% (431 of 1,834 claims)
- 2000: 18.26% (503 of 2,755 claims)
- 2001: 20.32% (606 of 2,983 claims)

Late First Payments of Temporary Disability

Of the randomly selected audited claims with temporary disability payments, the following percentages of those claims were assessed penalties for late first payments:

- 1997: 20.71%
- 1998: 28.83%
- 1999: 30.27%
- 2000: 23.88%
- 2001: 29.47%

Late First Payments of Permanent Disability

Of the randomly selected audited claims with permanent disability payments, the following percentages of those claims were assessed penalties for late first payments:

- 1997: 30.79%
- 1998: 25.62%
- 1999: 26.98%
- 2000: 22.13%
- 2001: 25.53%

Failure to Issue Routine Benefit Notices

Of the randomly selected claims with a requirement to issue routine benefit notices (e.g., first payment, final payment, delay in decision, change of disability rate), the following percentages were assessed penalties for at least one failure to issue a notice:

- 1997: 24.02%
- 1998: 21.89%
- 1999: 30.60%
- 2000: 23.70%
- 2001: 30.31%

Failure to Timely Issue Notices advising of the Procedure to obtain Permanent Disability Evaluations (QME Notices)

Of the randomly selected claims with a requirement to issue a notice advising the injured worker of the procedure to obtain an examination by a Qualified Medical Examiner to evaluate permanent disability, the following percentages of those claims were assessed penalties for failure to comply with requirements (both late notices and failure to issue notices):

- 1997: 19.11%
- 1998: 17.72%
- 1999: 24.59%
- 2000: 20.62%
- 2001: 20.55%

90-Day Vocational Rehabilitation Notices

Of the randomly selected claims where there was an obligation to issue a notice of vocational rehabilitation rights after 90 days of temporary disability, the following percentages of those claims were assessed penalties for failure to comply with requirements (both late notices and failure to issue notices):

- 1997: 43.57%
- 1998: 41.45%
- 1999: 55.30%
- 2000: 46.98%
- 2001: 53.75%

Notice of Medical Eligibility for Vocational Rehabilitation

Of the randomly selected claims where there was an obligation to issue a Notice of Potential Eligibility for vocational rehabilitation within 10 days of knowledge of a physician's opinion that the employee was medically eligible, the following percentages of those claims were assessed penalties for failure to comply with requirements (both late notices and failure to issue notices):

- 1997: 48.03%
- 1998: 50.16%
- 1999: 48.00%
- 2000: 46.92%
- 2001: 57.70%

Failure to Timely Pay or Object to Bills for Medical Treatment

Of the randomly selected claims with a requirement to pay or object to bills for medical treatment within required time frames, the following percentages of claims were assessed penalties for at least one failure to timely pay or object:

- 1997: 11.89%
- 1998: 14.77%
- 1999: 18.63%
- 2000: 13.03%
- 2001: 13.00%

Failure to Pay or Object to Medical-Legal Bills within 60 Days

Of the randomly selected claims with a requirement to pay or object to medical-legal bills within 60 days, the following percentages of claims were assessed penalties for at least one failure to pay or object within the 60 days:

- 1997: 6.74%
- 1998: 8.33%
- 1999: 12.67%
- 2000: 6.87%
- 2001: 8.56%

Amendments to audit regulations in November 1998 included changes to penalty frequency mitigation criteria to provide an incentive to improve claims handling performance in the prompt issuance of routine benefit notices. Penalties are eliminated for violations involving the failure to issue routine benefit notices and/or late benefit notices if frequency of violations is 10% or less in randomly selected claims. In six of the 47 audits in 2001 (13%), penalties for late benefit notices and/or failure to issue benefit notices were reduced to zero because the percentages of claims with violations were 10% or less.

A comparison of the frequency summaries for randomly selected audit subjects (Exhibit 5B) and for non-randomly selected audit subjects (Exhibit 5C) shows that frequency of assessments is generally higher for the targeted audit subjects than for the randomly selected audit subjects. Even so, and even though some audit subjects demonstrate good performance, the overall frequency of violations is high for both randomly selected and targeted audit subjects as separate groups.

Changes in the Audit Program for 2003

On February 15, 2002, the governor signed into law Assembly Bill 749. Along with some major reforms to California workers' compensation law, AB 749 also mandates major changes to the audit program effective January 1, 2003:

- The Audit Unit will be required to conduct a profile audit review (PAR audit) of each of over 500 adjusting locations at least once every five years.
- The Administrative Director will annually publish a profile audit review performance standard and a full compliance audit performance standard.
- Audit subjects that meet or exceed profile audit review performance standards will be required to pay all compensation found unpaid by the Audit Unit, but no penalties will be assessed.
- Audit subjects that do not meet or exceed profile audit review performance standards will be subject to a full compliance audit.
- Audit subjects that meet or exceed full compliance audit performance standards will be required to pay all compensation found unpaid by the Audit Unit, and will be assessed penalties for unpaid and late paid compensation only.
- Audit subjects that do not meet or exceed full compliance audit performance standards will be required to pay any compensation found unpaid by the Audit Unit, and will be assessed penalties for all violations included in a full compliance audit failure penalty schedule.
- One of the factors in determining penalty amounts in the full compliance audit failure penalty schedule will be the size of the adjusting location. Penalties assessed pursuant to the full compliance audit failure penalty schedule may be as high as \$40,000 each for the most serious violations at the largest adjusting locations. The previous maximum penalty amount was \$5,000.

There is much work to be done throughout the remainder of 2002 to ensure that extensive new audit regulations are in place to implement Assembly Bill 749. Employees of the Division have high expectations that the audit program's effectiveness will be enhanced by the upcoming changes. The Audit Unit will continue to work to ensure that injured workers receive their proper workers' compensation benefits and to act as a deterrent to poor claims handling.

Exhibit 1A**Calendar Year 2001****Penalty Assessments and Collections****Statewide Summary**

	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed
		Indem- nity	Medical Only	Denied	Com- plaints	Add- tional						
No. California	24	1,775	1,291	910	175	372	4,586	\$694,920	\$0	\$628,745	\$66,175	2
So. California	25	1,832	1,453	844	69	28	6,794	\$1,098,145	\$0	\$1,098,145	\$0	0
TOTAL	49	3,607	2,744	1,754	244	400	11,380	\$1,793,065	\$0	\$1,726,890	\$66,175	2

Calendar Year 2001

Penalty Assessments and Collections

Northern California

Audit Subject & Location	R/ NR	INS/ SI/ TPA	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
			Indem- nity	Medical Only	Denied	Com- plaints	Add- tional						Y	N
Alameda Co. Schools Ins.Group/Dublin	R	SI	54	64	27	4	5	146	\$21,840	\$0	\$12,750	\$9,090	1	
Alistar Ins. Grp / Fresno	R	INS	53	62	49	7	10	49	\$7,625	\$0	\$7,625	\$0		1
Argonaut Ins. / San Francisco	R	INS	56	65	42	5	3	100	\$16,725	\$0	\$16,725	\$0		1
Chevron Corporation / San Ramon	R	SI	112	53	48	1	5	151	\$27,270	\$0	\$27,270	\$0		1
Claims Solutions / Pleasanton	R	TPA	119	65	37	3	8	256	\$35,240	\$0	\$35,240	\$0		1
Constitution State Services/Rancho Cordova	R	TPA	112	64	44	5	14	301	\$43,070	\$0	\$43,070	\$0		1
Constitution State Services/Walnut Creek	R	TPA	134	66	61	16	5	348	\$44,055	\$0	\$44,055	\$0		1
Contra Costa Co.Risk Mngmt / Martinez	R	SI	125	63	58	0	1	218	\$26,565	\$0	\$26,565	\$0		1
Ford Motor Co. - SFPDC / Richmond	R	SI	30	43	7	1	3	93	\$9,445	\$0	\$9,445	\$0		1
Gallagher Bassett Svcs. / Sacramento	NR	TPA	0	0	0	0	82	15	\$3,350	\$0	\$3,350	\$0		1
Gates, McDonald & Company / Concord	NR	TPA	0	0	0	8	189	285	\$64,460	\$0	\$58,510	\$5,950	1	
Helmsman Mngmt Svc. / West Sacramento	R	TPA	50	63	34	2	0	170	\$22,935	\$0	\$22,935	\$0		1
Kaiser Foundation Hospitals / Oakland	NR	SI	133	66	60	21	0	592	\$90,630	\$0	\$90,630	\$0		1
Kemper Insurance Co. / Rancho Cordova	R	INS	137	67	66	42	13	517	\$81,520	\$0	\$81,520	\$0		1
MHG Adjusting Co.(Majestic)San Francisco	R	TPA	46	46	9	0	0	86	\$8,720	\$0	\$8,720	\$0		1
North Bay Schools Ins. Authority / Suisun	R	SI	50	59	44	2	0	31	\$6,940	\$0	\$6,940	\$0		1
Professional Risk Mngmt. / Sacramento	R	TPA	56	64	59	1	0	28	\$2,685	\$0	\$2,685	\$0		1
Redwood Empire Schools Ins.Grp./Santa Rosa	R	SI	47	61	47	0	0	52	\$8,320	\$0	\$8,320	\$0		1
Reliance / Rancho Cordova	NR	INS	108	65	42	6	28	265	\$39,275	\$0	\$0	\$39,275		1
Santa Clara Co. Risk Mngmt. / Santa Clara	R	SI	57	65	53	3	1	50	\$6,745	\$0	\$6,745	\$0		1
Sierra Insurance Group / Pleasanton	NR	INS	129	0	0	27	2	502	\$79,890	\$0	\$79,890	\$0		1
Sterling Claims Mngmt. / Rancho Cordova	R	TPA	55	63	32	0	2	100	\$11,860	\$0	\$0	\$11,860		1
Tristar Claims Admin. / Rancho Cordova	R	TPA	56	62	45	19	0	110	\$16,695	\$0	\$16,695	\$0		1
United Risk Management / Roseville	R	TPA	56	65	46	2	1	121	\$19,060	\$0	\$19,060	\$0		1
TOTAL	24	24	1,775	1,291	910	175	372	4,586	\$694,920	\$0	\$628,745	\$66,175	2	22

R - Random 19
NR - Non-Random 5
TOTAL 24

SI - Self-Insured Employer 8
INS - Insurer 5
TPA - Third Party Administrator 11
TOTAL 24

Calendar Year 2001

Exhibit 1C

Penalty Assessments and Collections

Southern California

Audit Subject & Location	R/ NR	INS/ SI/ TPA	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
			Indem- nity	Medical Only	Denied	Com- plaints	Add- itional						Y	N
Berkshire Hathaway Homestead /Pasadena	R	INS	112	64	44	10	4	312	\$42,260	\$0	\$42,260	\$0		1
City of LA Dept.Water Power/Los Angeles	R	SI	107	62	31	0	1	485	\$78,735	\$0	\$78,735	\$0		1
City of Pasadena / Pasadena	R	SI	91	92	37	0	1	292	\$48,750	\$0	\$48,750	\$0		1
City of Simi Valley / Simi Valley	R	SI	51	40	8	1	0	145	\$30,630	\$0	\$30,630	\$0		1
City of Torrance / Torrance	R	SI	49	56	34	0	0	44	\$8,765	\$0	\$8,765	\$0		1
Clougherty Packing Co. / Vernon	R	SI	47	29	12	0	0	137	\$38,160	\$0	\$38,160	\$0		1
Crawford & Company / Colton	R	TPA	64	44	12	0	0	392	\$50,910	\$0	\$50,910	\$0		1
GAB Robins North America / Ontario	R	TPA	57	66	53	2	0	75	\$9,175	\$0	\$9,175	\$0		1
Gates, McDonald & Company / Santa Ana	R	TPA	56	64	59	1	0	64	\$6,905	\$0	\$6,905	\$0		1
Helmsman Management Svcs. / Glendale	R	TPA	59	66	66	24	0	191	\$31,005	\$0	\$31,005	\$0		1
Huntington Beach UHSD/Huntington Beach	R	SI	39	44	2	0	0	42	\$7,970	\$0	\$7,970	\$0		1
Interstate Brands Corporation / San Diego	R	SI	103	61	49	0	4	451	\$68,830	\$0	\$68,830	\$0		1
Keenan & Associates / Riverside	R	TPA	51	61	36	3	2	194	\$21,545	\$0	\$21,545	\$0		1
Lance Camper Mfg. Corporation / Lancaster	R	SI	28	39	9	0	0	47	\$5,275	\$0	\$5,275	\$0		1
Ralph's Grocery Company / Compton	NR	SI	133	66	65	13	5	671	\$105,450	\$0	\$105,450	\$0		1
Royal & SunAlliance / Woodland Hills	R	INS	58	66	60	4	1	149	\$22,990	\$0	\$22,990	\$0		1
San Bernardino City USD / San Bernardino	R	SI	43	62	28	0	0	72	\$8,375	\$0	\$8,375	\$0		1
San Diego Transit Corporation / San Diego	R	SI	87	52	28	1	3	709	\$104,935	\$0	\$104,935	\$0		1
Santa Ana Unified School District / Santa Ana	R	SI	81	62	13	0	0	251	\$48,360	\$0	\$48,360	\$0		1
Seven-Up/RC Bottling Co./ Vernon	R	SI	84	60	10	1	0	206	\$39,220	\$0	\$39,220	\$0		1
Specialty Risk Services / Burbank	R	TPA	100	64	29	0	6	360	\$59,360	\$0	\$59,360	\$0		1
St. Paul Fire & Marine Insurance / Brea	R	INS	57	62	46	5	0	128	\$25,060	\$0	\$25,060	\$0		1
Western Growers Ins. Co. / Irvine	R	INS	122	64	50	1	0	488	\$99,550	\$0	\$99,550	\$0		1
Willamette Industries, Inc. / Cerritos	R	SI	32	43	15	1	0	147	\$23,820	\$0	\$23,820	\$0		1
Willis Administrative Services / San Diego	R	TPA	121	64	48	2	1	742	\$112,110	\$0	\$112,110	\$0		1
TOTAL	25	25	1,832	1,453	844	69	28	6,794	\$1,098,145	0	\$1,098,145	\$0	0	25

R - Random	24
NR - Non-Random	1
TOTAL	25

SI - Self-Insured Employer	14
INS - Insurer	4
TPA - Third Party Administrator	7
TOTAL	25

Exhibit 1D

Calendar Year 2001
Audit Subjects which Merited Removal from the
Random Selection Pool for Three Years Based on Audit Results

Audit Subject & Location	R/ NR	INS/ SI/ TPA	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
			Indem- nity	Medical Only	Denied	Com- plaints	Add- tional						Y	N
Alameda Co. Schools Ins.Group/Dublin	R	SI	54	64	27	4	5	146	\$21,840	\$0	\$12,750	\$9,090	1	
Alistar Ins. Grp / Fresno	R	INS	53	62	49	7	10	49	\$7,625	\$0	\$7,625	\$0		1
Argonaut Ins. / San Francisco	R	INS	56	65	42	5	3	100	\$16,725	\$0	\$16,725	\$0		1
City of Torrance / Torrance	R	SI	49	56	34	0	0	44	\$8,765	\$0	\$8,765	\$0		1
GAB Robins North America / Ontario	R	TPA	57	66	53	2	0	75	\$9,175	\$0	\$9,175	\$0		1
Gates, McDonald & Company / Santa Ana	R	TPA	56	64	59	1	0	64	\$6,905	\$0	\$6,905	\$0		1
Helmsman Management Svcs. / Glendale	R	TPA	59	66	66	24	0	191	\$31,005	\$0	\$31,005	\$0		1
Helmsman Mngmt Svc. / West Sacramento	R	TPA	50	63	34	2	0	170	\$22,935	\$0	\$22,935	\$0		1
Keenan & Associates / Riverside	R	TPA	51	61	36	3	2	194	\$21,545	\$0	\$21,545	\$0		1
MHG Adjusting Co.(Majestic) San Francisco	R	TPA	46	46	9	0	0	86	\$8,720	\$0	\$8,720	\$0		1
North Bay Schools Ins. Authority / Suisun	R	SI	31	50	59	44	2	31	\$6,940	\$0	\$6,940	\$0		1
Professional Risk Mngmt. / Sacramento	R	TPA	56	64	59	1	0	28	\$2,685	\$0	\$2,685	\$0		1
Redwood Empire Schools Ins.Grp./Santa Rosa	R	SI	47	61	47	0	0	52	\$8,320	\$0	\$8,320	\$0		1
Reliance / Rancho Cordova	NR	INS	108	65	42	5	28	265	\$39,275	\$0	\$39,275	\$0		1
Royal & SunAlliance / Woodland Hills	R	INS	58	66	60	4	1	149	\$22,990	\$0	\$22,990	\$0		1
San Bernardino City USD / San Bernardino	R	SI	43	62	28	0	0	72	\$8,375	\$0	\$8,375	\$0		1
Santa Clara Co. Risk Mngmt. / Santa Clara	R	SI	57	65	53	3	1	50	\$6,745	\$0	\$6,745	\$0		1
St. Paul Fire & Marine Insurance / Brea	R	INS	57	62	46	5	0	128	\$25,060	\$0	\$25,060	\$0		1
Sterling Claims Mngmt. / Rancho Cordova	R	TPA	55	63	32	0	2	100	\$11,860	\$0	\$11,860	\$0		1
Tristar Claims Administration Rancho Cordova	R	TPA	56	62	45	19	0	110	\$16,695	\$0	\$16,695	\$0		1
United Risk Management / Roseville	R	TPA	56	65	46	2	1	121	\$19,060	\$0	\$19,060	\$0		1
TOTAL	21	21	1,155	1,298	926	131	55	2,225	\$323,245	\$0	\$314,155	\$9,090	1	20

Calendar Year 2001

**Audit Subjects which did not Merit Return,
Non-Random Audits based on Audit Results, but did not
Perform well enough for Removal from the Random Selection Pool for Three Years**

Audit Subject & Location	R/ NR	INS/ SI/ TPA	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
			Indem- nity	Medical Only	Denied	Com- plaints	Add- tional						Y	N
Berkshire Hathaway Homestead /Pasadena	R	INS	112	64	44	10	4	312	\$42,260	\$0	\$42,260	\$0		1
Chevron Corporation / San Ramon	R	SI	112	53	48	1	5	151	\$27,270	\$0	\$27,270	\$0		1
City of Simi Valley / Simi Valley	R	SI	51	40	8	1	0	145	\$30,630	\$0	\$30,630	\$0		1
Constitution State Services/Walnut Creek	R	TPA	134	66	61	16	5	348	\$44,055	\$0	\$44,055	\$0		1
Contra Costa Co.Risk Mngmt / Martinez	R	SI	125	63	58	0	1	218	\$26,565	\$0	\$26,565	\$0		1
Huntington Beach UHSD/Huntington Beach	R	SI	39	44	2	0	0	42	\$7,970	\$0	\$7,970	\$0		1
Kemper Insurance Co. / Rancho Cordova	R	INS	137	67	66	42	13	517	\$81,520	\$0	\$81,520	\$0		1
Lance Camper Mfg. Corporation / Lancaster	R	SI	28	39	9	0	0	47	\$5,275	\$0	\$5,275	\$0		1
Seven-Up/RC Bottling Co./ Vernon	R	SI	84	60	10	1	0	206	\$39,220	\$0	\$39,220	\$0		1
TOTAL	9	9	822	496	306	71	28	1,986	\$304,765	\$0	\$304,765	\$0	0	9

Exhibit 1F

Calendar Year 2001

Audit Subjects which Merited Return, Non-Random Audits based on Audit Results

Audit Subject & Location	R/ NR	INS/ SI/ TPA	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
			Indem- nity	Medical Only	Denied	Com- plaints	Add- tional						Y	N
City of LA Dept. Water Power/Los Angeles	R	SI	107	62	31	0	1	485	\$78,735	\$0	\$78,735	\$0		1
City of Pasadena / Pasadena	R	SI	91	92	37	0	1	292	\$48,750	\$0	\$48,750	\$0		1
Claims Solutions / Pleasanton	R	TPA	119	65	37	3	8	256	\$35,240	\$0	\$35,240	\$0		1
Clougherty Packing Co. / Vernon	R	SI	47	29	12	0	0	137	\$38,160	\$0	\$38,160	\$0		1
Constitution State Services/Rancho Cordova	R	TPA	112	64	44	5	14	301	\$43,070	\$0	\$43,070	\$0		1
Crawford & Company / Colton	R	TPA	64	44	12	0	0	392	\$50,910	\$0	\$50,910	\$0		1
Ford Motor Co. - SFPDC / Richmond	R	SI	30	43	7	1	3	93	\$9,445	\$0	\$9,445	\$0		1
Interstate Brands Corporation / San Diego	R	SI	103	61	49	0	4	451	\$68,830	\$0	\$68,830	\$0		1
Kaiser Foundation Hospitals / Oakland	NR	SI	133	66	60	21	0	592	\$90,630	\$0	\$90,630	\$0		1
Ralph's Grocery Company / Compton	NR	SI	133	66	65	13	5	671	\$105,450	\$0	\$105,450	\$0		1
San Diego Transit Corporation / San Diego	R	SI	87	52	28	1	3	709	\$104,935	\$0	\$104,935	\$0		1
Santa Ana Unified School District / Santa Ana	R	SI	81	62	13	0	0	251	\$48,360	\$0	\$48,360	\$0		1
Sierra Insurance Group / Pleasanton	NR	INS	129	0	0	27	2	502	\$79,890	\$0	\$79,890	\$0		1
Specialty Risk Services / Burbank	R	TPA	100	64	29	0	6	360	\$59,360	\$0	\$59,360	\$0		1
Western Growers Ins. Co. / Irvine	R	INS	122	64	50	1	0	488	\$99,550	\$0	\$99,550	\$0		1
Willamette Industries, Inc. / Cerritos	R	SI	32	43	15	1	0	147	\$23,820	\$0	\$23,820	\$0		1
Willis Administrative Services / San Diego	R	TPA	121	64	48	2	1	742	\$112,110	\$0	\$112,110	\$0		1
TOTAL	17	17	1,611	941	537	75	48	6,869	\$1,097,245	\$0	\$1,097,245	\$0	0	17

Calendar Year 2001

**Penalty Assessments and Collections
Audit Subjects by Methods of Selection**

Type of Random Audit Subject	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Insurer	7	595	450	357	74	31	1,743	\$295,730	\$0	\$295,730	\$0	0	7
Self-insured Employer	20	1,317	1,110	560	15	24	3,769	\$618,950	\$0	\$609,860	\$9,090	1	19
Third-party Administrator	16	1,192	987	670	80	39	3,538	\$495,330	\$0	\$483,470	\$11,860	0	16
TOTAL RANDOM	43	3,104	2,547	1,587	169	94	9,050	\$1,410,010	\$0	\$1,389,060	\$20,950	1	42

Type of Non-random Audit Subject	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Insurer	2	237	65	42	33	30	767	\$119,165	\$0	\$79,890	\$39,275	0	2
Self-insured Employer	2	266	132	125	34	5	1,263	\$196,080	\$0	\$196,080	\$0	0	2
Third-party Administrator	2	0	0	0	8	271	300	\$67,810	\$0	\$61,860	\$5,950	1	1
TOTAL NON-RANDOM	6	503	197	167	75	306	2,330	\$383,055	\$0	\$337,830	\$45,225	1	5

Type of Audit	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Total Random	43	3,104	2,547	1,587	169	94	9,050	\$1,410,010	\$0	\$1,391,715	\$20,950	1	42
Total Non-random	6	503	197	167	75	306	2,330	\$383,055	\$0	\$337,830	\$45,225	1	5
TOTAL	49	3,607	2,744	1,754	244	400	11,380	\$1,793,065	\$0	\$1,729,545	\$66,175	2	47

Calendar Year 2001
Penalty Assessments and Collections
Audit Subjects by Type of Claims Administrator

Insurer	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Random	7	595	450	357	74	31	1,743	\$295,730	\$0	\$295,730	\$0	0	7
Non-random	2	237	65	42	33	30	767	\$119,165	\$0	\$79,890	\$39,275	0	2
TOTAL INSURER	9	832	515	399	107	61	2,510	\$414,895	\$0	\$375,620	\$39,275	0	9

Self-insured Employer	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Random	20	1,317	1,110	560	15	24	3,769	\$618,950	\$0	\$609,860	\$9,090	1	19
Non-random	2	266	132	125	34	5	1,263	\$196,080	\$0	\$196,080	\$0	0	2
TOTAL SELF-INSURED	22	1,583	1,242	685	49	29	5,032	\$815,030	\$0	\$805,940	\$9,090	1	21

Third-party Administrator	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Random	16	1,192	987	670	80	39	3,538	\$495,330	\$0	\$483,470	\$11,860	0	16
Non-random	2	0	0	0	8	271	300	\$67,810	\$0	\$61,860	\$5,950	1	1
TOTAL THIRD-PARTY	18	1,192	987	670	88	310	3,838	\$563,140	\$0	\$545,330	\$17,810	1	17

Claims Administrator	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessed	Reductions as a Result of Appeal	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		Indem-nity	Medical Only	Denied	Com-plaints	Add-itional						Y	N
Insurer	9	832	515	399	107	61	2,510	\$414,895	\$0	\$375,620	\$39,275	0	9
Self-insured Employer	22	1,583	1,242	685	49	29	5,032	\$815,030	\$0	\$805,940	\$9,090	1	21
Third-party Administrator	18	1,192	987	670	88	310	3,838	\$563,140	\$0	\$545,330	\$17,810	1	17
TOTAL	49	3,607	2,744	1,754	244	400	11,380	\$1,793,065	\$0	\$1,726,890	\$66,175	2	47

Key To Exhibit 3B

Administrative Penalty Assessments

Schedule Of Penalties - 2001

Item	Nature of Violations by Category with Maximum Amounts of Penalties
1	For late first payment of temporary disability indemnity: up to \$100, unless the late payment is more than 30 days late, in which case the penalty may be up to \$1,000, depending on the amount of late paid indemnity.
2	For late first payment of permanent disability indemnity: up to \$100, unless the late payment is more than 30 days late, in which case the penalty may be up to \$1,000, depending on the amount of late paid indemnity.
3	For late first payment of VRMA: up to \$100, unless the late payment is more than 30 days late, in which case the penalty may be up to \$1,000, depending on the amount of late paid indemnity.
4	For any late subsequent temporary or permanent disability indemnity or VRMA payments, including failure to pay any indemnity then due when paid with a later payment: up to \$100, unless the late payment is more than 30 days late, in which case the penalty may be up to \$1,000, depending on the amount of late paid indemnity. Penalties for any late payments of self-imposed increases for any late indemnity payments: up to \$25, unless the late payment is more than 30 days late, in which case the penalty may be up to \$100, depending on the amount of unpaid indemnity.
5	For late first payment and any subsequent payments of death benefits: up to \$100, unless the late payment is more than 30 days late, in which case the penalty may be up to \$1,000, depending on the amount of late paid indemnity.
6	For failure to issue benefit notices, other than specified vocational rehabilitation notices for all dates of injury, notices of the procedure to evaluate PD, and denial notices for injuries occurring before 1/1/94: up to \$100.
7	For late provision of benefit notices, other than specified vocational rehabilitation notices for all dates of injury, notices of the procedure to evaluate PD, and denial notices for injuries occurring before 1/1/94: up to \$75, unless the late notice is more than 30 days late, in which case the penalty may be up to \$100.
8	Involving the failure to pay or object to medical expenses within 60 days of receipt of billing: up to \$100.
9	Involving the failure to pay or object to medical-legal expenses within 60 days of receipt of billing: up to \$100.
10	For failure to pay or object to vocational rehabilitation expenses within 60 days of receipt of billing: up to \$100.
11	For injuries before 1/1/94, penalties for failure to assign a qualified rehabilitation representative within 10 days after 90 days of aggregate total disability: up to \$500.
12	For injuries on or after 1/1/94, penalties for failure to provide vocational rehabilitation information to the injured employee as required by Labor Section 4636(a) within 10 days after 90 days of aggregate total disability: up to \$500.
13	For failure to notify the injured employee in a timely manner of potential eligibility for vocational rehabilitation: up to \$500.
14	For failure to notify the injured employee in a timely manner of non-eligibility for vocational rehabilitation: up to \$500.
15	Involving notices of the procedure to evaluate PD for injuries occurring on or after 1/1/94: up to \$500.
16	Involving notices denying all liability or death benefits for injuries occurring on or after 1/1/94: up to \$500.
17	For failure to timely respond to a request to provide or authorize medical treatment: up to \$100.
18 a	For failure to pay any temporary disability indemnity or salary continuation in lieu of temporary disability indemnity not included in an award or order: up to \$1,000.
18 b	For failure to pay any permanent disability indemnity not included in an award or order: up to \$1,000.
18 c	For failure to pay any voc. rehabilitation maintenance allowance not included in an award or order: up to \$1,000.
18 d	For failure to pay any self-imposed increase for late indemnity payments: up to \$100.
18 e	For failure to pay any indemnity as ordered by WCAB Order or Award or Rehabilitation Unit Order: up to \$5,000.
18 f	For any other unpaid indemnity, including but not limited to the following: up to \$500 for the failure to pay any interest on a WCAB Order or Award and up to \$1,000 for the failure to pay any death benefits.
19	For failure to include items or properly designate entries on a claim log: up to \$100.
20 a	For materially incomplete or inaccurate benefit notices, other than specified vocational rehabilitation notices, for all dates of injury: up to \$25. Penalties for materially incomplete or inaccurate notices of denial of all liability for injuries occurring on or after 1/1/94: up to \$500.
20 b	For failure to investigate: up to \$1,000.
20 c	For late payment of WCAB Orders or Awards or Rehabilitation Unit Orders: up to \$1,000.
20 d	Other penalties, including failure to comply with Decisions or Orders of the WCAB or Rehab. Unit not involving the payment of indemnity: from \$25 to \$5,000, depending on the nature of the violation.
21	Unsupported denial of liability for a claim: up to \$5,000.

Calendar Year 2001

Frequency of Penalties Cited by Type of Penalty
Statewide Summary

Item Number	Number of Times Cited	Total \$ Penalties Assessed
1	715	\$87,620
2	272	\$68,780
3	25	\$3,675
4	1,221	\$142,065
5	0	\$0
6	2,176	\$212,085
7	1,494	\$93,585
8	1,038	\$75,725
9	143	\$10,930
10	31	\$1,675
11	5	\$2,120
12	459	\$194,080
13	335	\$130,570
14	46	\$18,600
15	508	\$204,080
16	29	\$7,700
17	9	\$795
18a	398	\$120,995
18b	131	\$71,320
18c	22	\$10,820
18d	608	\$50,710
18e	32	\$23,190
18f	14	\$6,040
19	222	\$15,410
20a	874	\$28,145
20b	34	\$16,500
20c	70	\$79,140
20d	450	\$57,210
21	19	\$59,500
TOTAL	11,380	\$1,793,065

Exhibit 4**Calendar Year 2001****Notices of Compensation Due****Statewide Summary**

	Temporary Disability	Permanant Disability	VRMA	Self- imposed Increase	Death Benefits	Penalty interest, or other	Total
No. California	\$86,865.69	\$114,435.18	\$3,567.48	\$47,150.10	\$0.00	\$13,085.91	\$265,104.36
So. California	\$200,476.70	\$219,117.50	\$25,457.66	\$61,318.96	\$275.91	\$6,321.59	\$512,968.32
TOTAL	\$287,342.39	\$333,552.68	\$29,025.14	\$108,469.06	\$275.91	\$19,407.50	\$778,072.68

Exhibit 5A**Calendar Year 2001****Frequency of Assessments
In Randomly Selected Audited Files****Statewide Summary
All Audit Subjects**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	2,070	610	29.47%
2	Late First Pay Of PD	807	206	25.53%
3	Late First Pay Of VRMA	227	18	7.93%
4	Late Subsequent Indemnity Pay	1,656	483	29.17%
5	Late Pay Of Death Benefits	4	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	3,468	1,051	30.31%
7	Late Ben. Notices (Indem.,Delay)	3,450	975	28.26%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	1,808	235	13.00%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	946	81	8.56%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	329	21	6.38%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	707	380	53.75%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	461	266	57.70%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	138	35	25.36%
15	Fail To Notify Employee of Procedure to Eval. PD	2,238	460	20.55%
16	Fail To Issue Denial Notice as Req.	1,755	26	1.48%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	2	N.A.
18	Unpaid Indemnity	2,983	606	20.32%
19	Claim Log Violations (# of Entries and Violations)	147,223	196	0.13%
20	Other Assessments	10,047	925	9.21%
21	Unsupported Denials	1,755	18	1.03%

Exhibit 5B**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

**Statewide Summary
All Randomly Selected Audit Subjects**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	1,703	479	28.13%
2	Late First Pay Of PD	703	182	25.89%
3	Late First Pay Of VRMA	198	13	6.57%
4	Late Subsequent Indemnity Pay	1,391	403	28.97%
5	Late Pay Of Death Benefits	4	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	2,987	914	30.60%
7	Late Ben. Notices (Indem.,Delay)	2,972	804	27.05%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	1,592	208	13.07%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	826	71	8.60%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	272	17	6.25%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	606	340	56.11%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	401	227	56.61%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	115	26	22.61%
15	Fail To Notify Employee of Procedure to Eval. PD	1,887	401	21.25%
16	Fail To Issue Denial Notice as Req.	1,588	24	1.51%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	2	N.A.
18	Unpaid Indemnity	2,557	501	19.59%
19	Claim Log Violations (# of Entries and Violations)	131,401	165	0.13%
20	Other Assessments	9,184	823	8.96%
21	Unsupported Denials	1,588	17	1.07%

Exhibit 5C**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

**Statewide Summary
All Non-randomly Selected Audit Subjects**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	367	131	35.69%
2	Late First Pay Of PD	104	24	23.08%
3	Late First Pay Of VRMA	29	5	17.24%
4	Late Subsequent Indemnity Pay	265	80	30.19%
5	Late Pay Of Death Benefits	0	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	481	137	28.48%
7	Late Ben. Notices (Indem.,Delay)	478	171	35.77%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	216	27	12.50%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	120	10	8.33%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	57	4	7.02%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	101	40	39.60%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	60	39	65.00%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	23	9	39.13%
15	Fail To Notify Employee of Procedure to Eval. PD	351	59	16.81%
16	Fail To Issue Denial Notice as Req.	167	2	1.20%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	426	105	24.65%
19	Claim Log Violations (# of Entries and Violations)	15,822	31	0.20%
20	Other Assessments	863	102	11.82%
21	Unsupported Denials	167	1	0.60%

Exhibit 5 D**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

**Statewide Summary
All Insurers, Regardless of Method of Selection**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	590	210	35.59%
2	Late First Pay Of PD	184	33	17.93%
3	Late First Pay Of VRMA	62	2	3.23%
4	Late Subsequent Indemnity Pay	419	116	27.68%
5	Late Pay Of Death Benefits	1	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	795	235	29.56%
7	Late Ben. Notices (Indem.,Delay)	790	200	25.32%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	333	17	5.11%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	175	7	4.00%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	66	2	3.03%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	152	74	48.68%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	96	59	61.46%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	43	8	18.60%
15	Fail To Notify Employee of Procedure to Eval. PD	535	86	16.07%
16	Fail To Issue Denial Notice as Req.	399	2	0.50%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	690	128	18.55%
19	Claim Log Violations (# of Entries and Violations)	53,318	53	0.10%
20	Other Assessments	1,744	145	8.31%
21	Unsupported Denials	399	5	1.25%

Exhibit 5E**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary All Randomly Selected Insurers

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	419	141	33.65%
2	Late First Pay Of PD	137	26	18.98%
3	Late First Pay Of VRMA	54	2	3.70%
4	Late Subsequent Indemnity Pay	300	84	28.00%
5	Late Pay Of Death Benefits	1	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	602	171	28.41%
7	Late Ben. Notices (Indem.,Delay)	598	142	23.75%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	260	13	5.00%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	150	7	4.67%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	61	2	3.28%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	122	64	52.46%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	78	43	55.13%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	35	6	17.14%
15	Fail To Notify Employee of Procedure to Eval. PD	376	69	18.35%
16	Fail To Issue Denial Notice as Req.	357	2	0.56%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	501	92	18.36%
19	Claim Log Violations (# of Entries and Violations)	48,579	31	0.06%
20	Other Assessments	1,400	115	8.21%
21	Unsupported Denials	357	5	1.40%

Exhibit 5F**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary For All Non-randomly Selected Insurers

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	171	69	40.35%
2	Late First Pay Of PD	47	7	14.89%
3	Late First Pay Of VRMA	8	0	0.00%
4	Late Subsequent Indemnity Pay	119	32	26.89%
5	Late Pay Of Death Benefits	0	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	193	64	33.16%
7	Late Ben. Notices (Indem.,Delay)	192	58	30.21%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	73	4	5.48%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	25	0	0.00%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	5	0	0.00%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	30	10	33.33%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	18	16	88.89%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	8	2	25.00%
15	Fail To Notify Employee of Procedure to Eval. PD	159	17	10.69%
16	Fail To Issue Denial Notice as Req.	42	0	0.00%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	189	39	20.63%
19	Claim Log Violations (# of Entries and Violations)	4,739	22	0.46%
20	Other Assessments	344	30	8.72%
21	Unsupported Denials	42	0	0.00%

Calendar Year 2001

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary All Self-insured Employers, Regardless of Method of Selection

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	703	175	24.89%
2	Late First Pay Of PD	379	118	31.13%
3	Late First Pay Of VRMA	75	9	12.00%
4	Late Subsequent Indemnity Pay	630	194	30.79%
5	Late Pay Of Death Benefits	1	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	1,519	511	33.64%
7	Late Ben. Notices (Indem.,Delay)	1,507	423	28.07%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	945	134	14.18%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	520	45	8.65%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	152	10	6.58%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	320	163	50.94%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	185	106	57.30%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	54	17	31.48%
15	Fail To Notify Employee of Procedure to Eval. PD	988	277	28.04%
16	Fail To Issue Denial Notice as Req.	685	14	2.04%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	1	N.A.
18	Unpaid Indemnity	1,337	286	21.39%
19	Claim Log Violations (# of Entries and Violations)	31,044	101	0.33%
20	Other Assessments	3,546	554	15.62%
21	Unsupported Denials	685	9	1.31%

Exhibit 5H**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary For All Randomly Selected Self-insured Employers

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	507	113	22.29%
2	Late First Pay Of PD	322	101	31.37%
3	Late First Pay Of VRMA	54	4	7.41%
4	Late Subsequent Indemnity Pay	484	146	30.17%
5	Late Pay Of Death Benefits	1	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	1,231	438	35.58%
7	Late Ben. Notices (Indem.,Delay)	1,221	310	25.39%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	802	111	13.84%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	425	35	8.24%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	100	6	6.00%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	249	133	53.41%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	143	83	58.04%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	39	10	25.64%
15	Fail To Notify Employee of Procedure to Eval. PD	796	235	29.52%
16	Fail To Issue Denial Notice as Req.	560	12	2.14%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	1	N.A.
18	Unpaid Indemnity	1,100	220	20.00%
19	Claim Log Violations (# of Entries and Violations)	19,961	92	0.46%
20	Other Assessments	3,027	482	15.92%
21	Unsupported Denials	560	8	1.43%

Exhibit 5I**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary For All Non-randomly Selected Self-insured Employers

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	196	62	31.63%
2	Late First Pay Of PD	57	17	29.82%
3	Late First Pay Of VRMA	21	5	23.81%
4	Late Subsequent Indemnity Pay	146	48	32.88%
5	Late Pay Of Death Benefits	0	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	288	73	25.35%
7	Late Ben. Notices (Indem.,Delay)	286	113	39.51%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	143	23	16.08%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	95	10	10.53%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	52	4	7.69%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	71	30	42.25%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	42	23	54.76%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	15	7	46.67%
15	Fail To Notify Employee of Procedure to Eval. PD	192	42	21.88%
16	Fail To Issue Denial Notice as Req.	125	2	1.60%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	237	66	27.85%
19	Claim Log Violations (# of Entries and Violations)	11,083	9	0.08%
20	Other Assessments	519	72	13.87%
21	Unsupported Denials	125	1	0.80%

Calendar Year 2001

**Frequency of Assessments
In Randomly Selected Audited Files**

**Statewide Summary For All Third-party Administrators,
Regardless of Method of Selection**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	777	225	28.96%
2	Late First Pay Of PD	244	55	22.54%
3	Late First Pay Of VRMA	90	7	7.78%
4	Late Subsequent Indemnity Pay	607	173	28.50%
5	Late Pay Of Death Benefits	2	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	1,154	305	26.43%
7	Late Ben. Notices (Indem.,Delay)	1,153	352	30.53%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	530	84	15.85%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	251	29	11.55%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	111	9	8.11%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	235	143	60.85%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	180	101	56.11%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	41	10	24.39%
15	Fail To Notify Employee of Procedure to Eval. PD	715	97	13.57%
16	Fail To Issue Denial Notice as Req.	671	10	1.49%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	1	N.A.
18	Unpaid Indemnity	956	189	19.77%
19	Claim Log Violations (# of Entries and Violations)	62,861	42	0.07%
20	Other Assessments	4,757	226	4.75%
21	Unsupported Denials	671	4	0.60%

Calendar Year 2001

**Frequency of Assessments
In Randomly Selected Audited Files**

Statewide Summary For All Randomly Selected Third-party Administrators

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	777	225	28.96%
2	Late First Pay Of PD	244	55	22.54%
3	Late First Pay Of VRMA	90	7	7.78%
4	Late Subsequent Indemnity Pay	607	173	28.50%
5	Late Pay Of Death Benefits	2	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	1,154	305	26.43%
7	Late Ben. Notices (Indem.,Delay)	1,153	352	30.53%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	530	84	15.85%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	251	29	11.55%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	111	9	8.11%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	235	143	60.85%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	180	101	56.11%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	41	10	24.39%
15	Fail To Notify Employee of Procedure to Eval. PD	715	97	13.57%
16	Fail To Issue Denial Notice as Req.	671	10	1.49%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	1	N.A.
18	Unpaid Indemnity	956	189	19.77%
19	Claim Log Violations (# of Entries and Violations)	62,861	42	0.07%
20	Other Assessments	4,757	226	4.75%
21	Unsupported Denials	671	4	0.60%

Exhibit 5L**Calendar Year 2001**

**Frequency of Assessments
In Randomly Selected Audited Files**

**Statewide Summary For All Non-Randomly Selected
Third-party Administrators**

Item No.	Violations Related To:	# Of Audited Files With Exposure For Assessments	# Of Audited Files With Assessments	% Of Files With Assessments
1	Late First Pay Of TD	0	0	0.00%
2	Late First Pay Of PD	0	0	0.00%
3	Late First Pay Of VRMA	0	0	0.00%
4	Late Subsequent Indemnity Pay	0	0	0.00%
5	Late Pay Of Death Benefits	0	0	0.00%
6	Fail To Issue Ben. Notices (Indem.,Delay)	0	0	0.00%
7	Late Ben. Notices (Indem.,Delay)	0	0	0.00%
8	Fail To Pay or Object To Med. Expenses w/in 60 Days	0	0	0.00%
9	Fail To Pay or Object To M/L Expenses w/in 60 Days	0	0	0.00%
10	Fail To Pay or Object To VR Expenses w/in 60 Days	0	0	0.00%
11	Fail To Assign QRR After 90 Days of TD	0	0	0.00%
12	Fail To Issue Notice of VR Rights After 90 Days of TD	0	0	0.00%
13	Fail To Notify Employee of Med. Elig. for VR as Req.	0	0	0.00%
14	Fail To Notify Employee of Non-Elig. for VR as Req.	0	0	0.00%
15	Fail To Notify Employee of Procedure to Eval. PD	0	0	0.00%
16	Fail To Issue Denial Notice as Req.	0	0	0.00%
17	Fail To Respond Timely To Med. Treatment Request	N.A.	0	N.A.
18	Unpaid Indemnity	0	0	0.00%
19	Claim Log Violations (# of Entries and Violations)	0	0	0.00%
20	Other Assessments	0	0	0.00%
21	Unsupported Denials	0	0	0.00%